



Session 6

Direct Loans: Balancing the Books for 2002-2003 and Beyond

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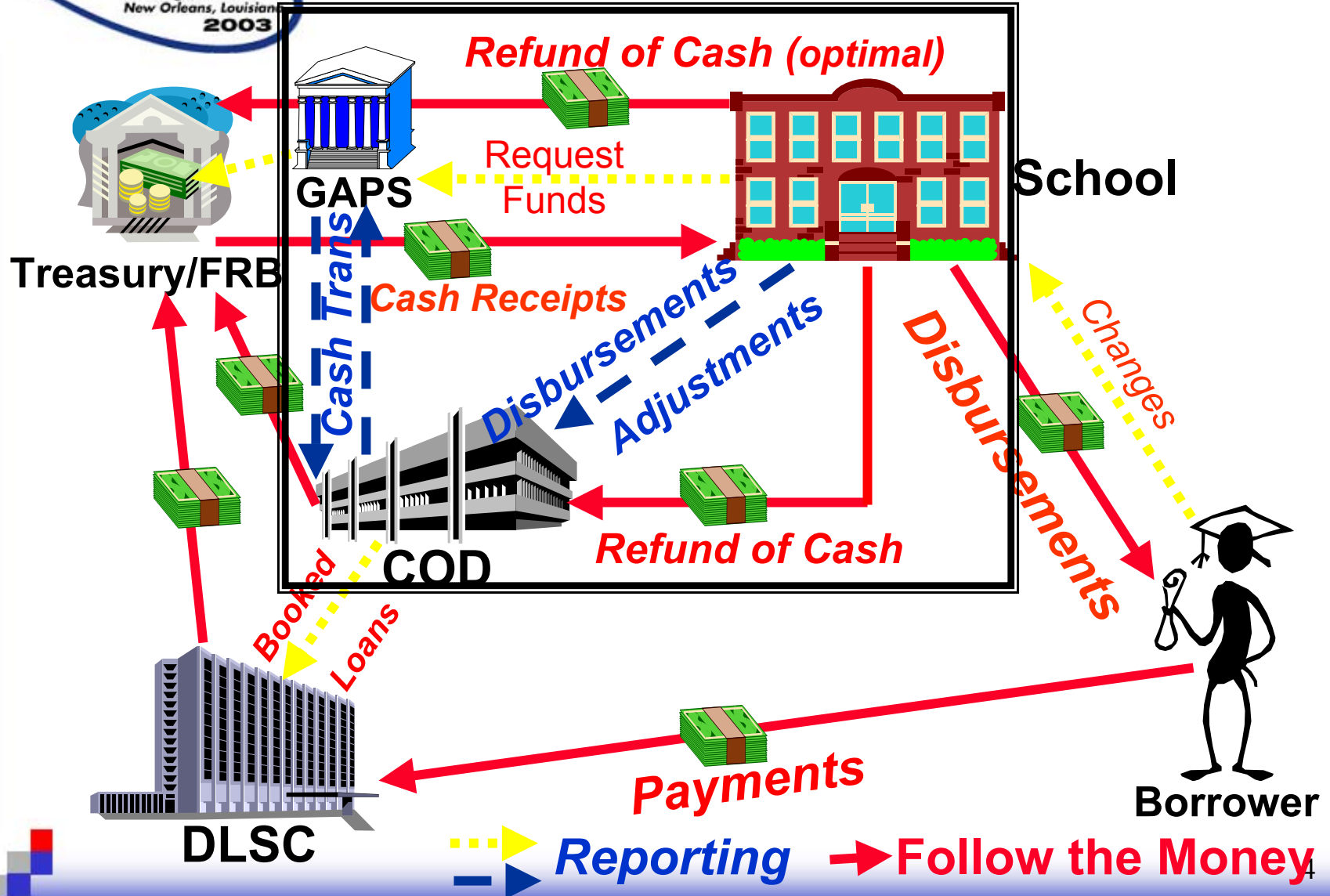
Session 6

1. Cash Management and Reconciliation
2. Closeout for 2002-2003
3. Post-Closeout Processing

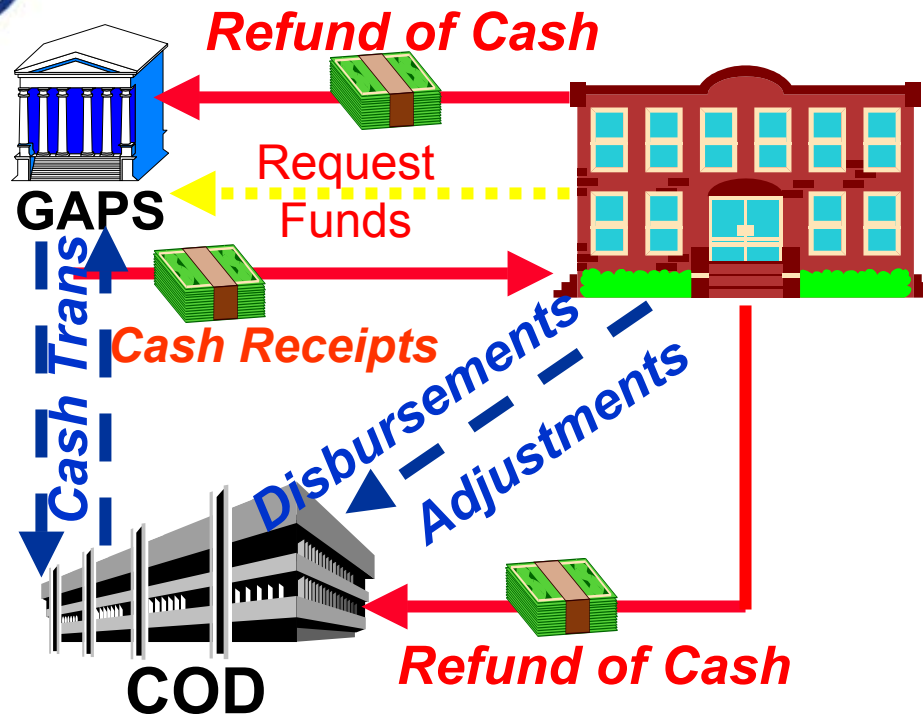
Cash Management and Reconciliation

To understand monthly reconciliation,
we must first understand the cash
management life cycle and our own daily
processing....

Cash Management Life Cycle



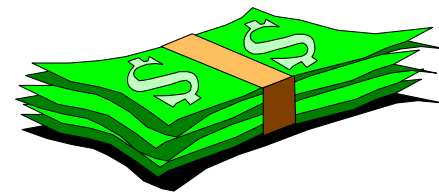
Cash Management Life Cycle



- Cash Receipts
- Disbursements
- Refunds of Cash
- Adjustments



Cash Receipts



- Requesting Funds
 - Advance Pay – <https://e-grants.ed.gov/gapsweb/>, or GAPS Hotline at 888-336-8930
 - Pushed Cash – Based on actual disbursements
- Receiving Funds
 - Direct deposit to school bank account
- Managing Funds
 - Defining “immediate need” and other cash management requirements

For more information, review 34 CFR, 668.161-163



Disbursements

- Disbursing Funds
 - Substantially equal disbursements
 - 30 day delay for 1st time borrowers
 - Late Disbursements
 - Notifications to borrowers
- Reporting Disbursements
 - 30 days from date of disbursement
 - Future-dated disbursements
- Booked vs. Unbooked Disbursements
 - Award, MPN, Disbursement = Booked
 - Disbursements must book to transfer liability to the Department

For more information, review 34 CFR, 668.164-165 7



Disbursement Adjustments

- Reasons
 - Eligibility Changes
 - Return at Borrower's Request
- Reporting Adjustments
 - 30 days from date of Adjustment
- Returning or recycling funds (see Refunds of Cash, next slide)

Refunds of Cash

- Reasons
 - Received more funds than disbursed
 - Disbursement Adjustment to Borrower's Account
- Regulations – Returning or reusing funds
- Methods of Return
 - Electronically through GAPS (<http://e-grants.ed.gov/gapsweb/>)
 - Check – Mail to:
COD School Relations Center
Attn: Refunded Cash
P.O. Box 9001
Niagara Falls, NY 14302



Payment to Servicing

- Does not impact school's cash balance
- May be made by school or by borrower
- Should be sent to:

U S Department of Education
Direct Loan Servicing Center
ATTN: Payment Center
P.O. Box 530260
Atlanta, GA 30353-0260



Note: Please make sure you indicate clearly the student's name and loan ID number and that this is a PAYMENT, not an adjustment, to the student's loan.

Computing Your ECB: The Direct Loan Cash Equation

$$\begin{array}{ccccc} \boxed{\text{Beginning Cash Balance}} & + & \boxed{\text{Cash Receipts}} & - & \boxed{\text{Refunds of Cash}} \\ & & & & \\ & & & & \\ & - & \boxed{\text{Booked Disbursements}} & - & \boxed{\text{Booked Adjustments}^*} & = & \boxed{\text{Ending Cash Balance}} \end{array}$$

* Downward Adjustments are negative; upward adjustments are positive.



Computing Your ECB: The Direct Loan Cash Equation

$$\begin{array}{|c|} \hline \text{Ending} \\ \text{Cash} \\ \text{Balance} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Unbooked} \\ \text{Disburse-} \\ \text{ments} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Unbooked} \\ \text{Adjust-} \\ \text{ments}^* \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Cash} > \\ \text{Accepted} \\ \text{\& Posted} \\ \text{Disbs} \\ \hline \end{array}$$

* Downward Adjustments are negative; upward adjustments are positive.



Additional Cash Management Resources



- ***The Blue Book***, June 2001, Chapters 4, 5 and 6
- ***Federal Student Aid Handbook*** 2003-04 Volume 2, Chapters 5, 6, and 11
- Title IV Federal Regulations, 34 CFR, Subpart K, General Provisions, updated November 1, 2002
- ***FSA Coach*** Web-based Tutorial, Lesson 6



Daily Processing – Things To Do During the Month

 ☐ **Organize – Finish What You Start**

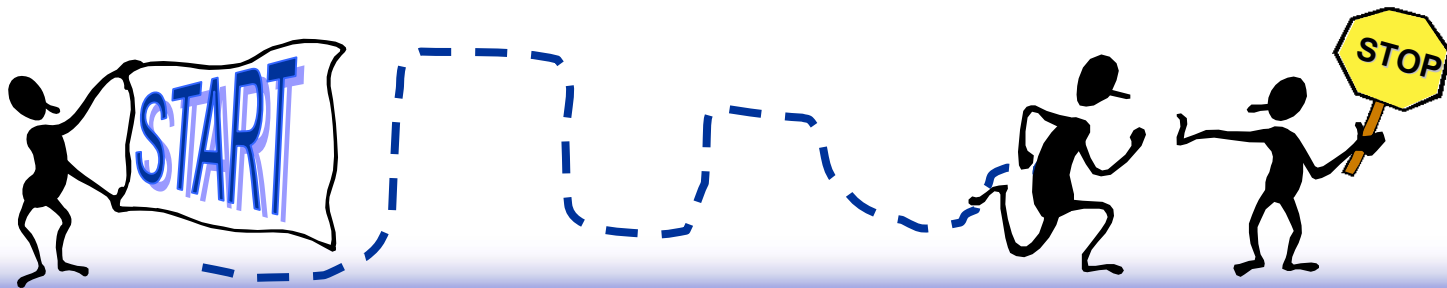
 ☐ **Monitor Your Cash Flow**

 ☐ **Use Your Reports**

 ☐ **Perform Internal Reconciliation**

Organize – Finish What You Start

- Map your process and procedures
- Monitor your process
- Ensure all records have been sent to and accepted at COD
- Consider managing timing issues to finish what you start within the month



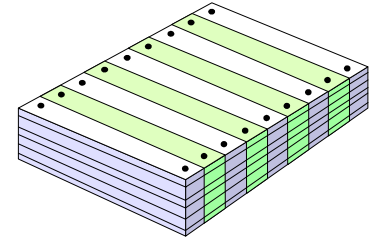
Monitor Your Cash Flow



- Ensure cash receipts are posted to the correct year
- Verify requested funds have been received
- Comply with cash management timelines
- Ensure that all funds received are either disbursed or returned
- Verify correct addresses are used when returning funds



Use Your Reports



- 30 Day Warning Report (COD)
- Booked Status Report (EDExpress or custom)
- Pending Disbursement List
(EDExpress: List - Edit-Only Disbursements)
- Funded Disbursement List
(EDExpress: List - Actual Disbursements)
- Actual Disbursements – Booked and Unbooked Report (DL Tools)
- Cash Summary Report (DL Tools – optional)
- Ledgers, Bank Statements, Cancelled Checks
- Other Internal School Reports



Perform Internal Reconciliation

- Compare Business Office/Financial records to Direct Loan System
 - Develop procedures/schedule for internal reconciliation and assign responsibilities
 - Compare based on overall cash/disbursement totals and/or student detail
 - Troubleshoot discrepancies



Monthly Reconciliation

- School Account Statement (SAS)
- Reconciling School Data to the SAS
- Monthly Reconciliation – Common Causes of Discrepancies
- Other Reports and Tools
- Monthly Reconciliation: How do I Know I am Finished?



School Account Statement: What is it?

- Contains the Department's official ending cash balance for your school
- Meets regulatory requirements for monthly reconciliation file.
- Generated the first weekend of the month, with data through end of previous month
- The SAS comes out with a number of options already selected by default but schools can customize many of those.

SAS: What is it?

Cash Summary

- **Monthly*** and **Year-To-Date** (YTD) - will always be sent

Cash Detail

- **Monthly** and/or YTD - will always be sent

Summary by Loan Type

- **Monthly** and **YTD**, or Not at All

Loan Detail

- **Disbursement Transaction Level** - **Monthly** and/or YTD or Not at All
- **Loan Level** - YTD or Not at ALL


*** Red Bold denotes preselected default options**



LINDLE	JENNIFER M				
066	265S03E99999001	Booked	\$1,833	\$54	\$27
066	265U03E99999001	Booked	\$1,167	\$35	\$18
					\$1,806
					\$1,150



SAS: How do I get it?

- Automatically sent to schools every month
 - Fixed Length File (Default) or Comma/Pipe Delimited 
 - Message Class: **DSLFF##OP/DSDF##OP**
DSDD##OP/DSLDD##OP
 - Batch Type: AS
- Schools can choose from various report options online at <http://cod.ed.gov/>

SAS: How do I get it?

The screenshot shows the 'COD Online - Microsoft Internet Explorer' browser window. The address bar displays 'https://www.cod.ed.gov/cod/SchoolReportOptionsPage'. The page header includes the U.S. Department of Education logo, the text 'U.S. DEPARTMENT OF EDUCATION COMMON ORIGATION & DISBURSEMENT', and the FSA Federal Student Aid logo. A navigation bar contains tabs: Person, **School**, Batch, Award, Services, User, and Program. The 'School' tab is selected and circled in red. Below the navigation bar, the 'School Search' section is visible, with a list of links including 'School Information', 'Financial Aid Contact', 'Eligibility', 'General', 'Options', 'Funding Info', 'Summary Financial Info', 'Refunds of Cash', 'Cash Activity', 'Events', 'Memos', 'Message List', 'Yearly Totals', 'Relationships', 'Request Post Deadline', 'Processing', 'Correspondence', and 'Report Selection'. A red arrow points to the 'School' tab. The main content area is titled 'Report Selection' and features a blue bar with 'OHIO UNIVERSITY'. Below this, a 'Report Selection' table shows 'Program' as 'Direct Loan' and 'Award Year' as ''03-'04'. A '30 Day Warning' section lists various options, each with a 'Preformatted' dropdown menu. The 'SAS' section is at the bottom, with a 'SUBMIT' button and a 'Modify SAS Options' link circled in red. A red arrow points to the 'Modify SAS Options' link. The footer contains the date 'Oct 07 2003 15:25 EDT' and a navigation bar with links: Home, Privacy Act, FAQs, Links, Contact Us, Today's Update, Help, and Log Off.

SAS: How do I get it?

COD Online - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address <https://www.cod.ed.gov/cod/SchoolSASOptionsPage>

School Search

School Information

- School Summary
- Financial Aid Contact
- Eligibility
- General
- Options
- Funding Info
- Summary Financial Info
- Refunds of Cash
- Cash Activity
- Events
- Memos
- Message List
- Yearly Totals
- Relationships
- Request Post Deadline
- Processing
- Correspondence
- Report Selection

SAS Options

OHIO UNIVERSITY

Award Year '03-'04

SAS Options

Report Format Fixed Length

Include Names of Borrowers No

Report Activity Type Year-to-Date

Regardless of your choice (Monthly, Year-to-Date, or Both), you will receive Year-to-Date and Monthly Cash Summaries.

You will receive Monthly Cash Detail if you choose Monthly activity and Year-to-Date Cash Detail if you choose Year-to-Date.

You will receive both the Monthly and Year-to-Date Cash Detail if you select Both as your option.

Sections of SAS to Receive

Summary by Loan Type Yes

If chosen, you will receive Monthly and Year-to-Date.

Year-to-Date

Disbursement Detail Yes

Loan Level (optional) Yes

UPDATE

Select Fixed Length, Comma Delimited (with or without headers), or Pipe Delimited.


Year-to-Date, Monthly, or Both

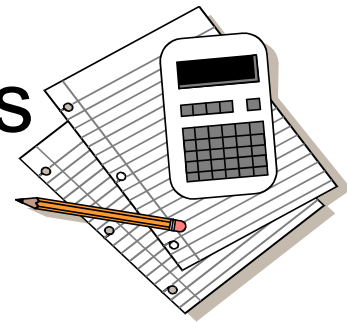
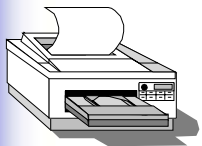
"Yes" to receive, or "No" to not

Oct 07 2003 15:02 EDT Home | Privacy Act | FAQs | Links | Contact Us | Today's Update | Help | Glossary | Log Off

Done Internet

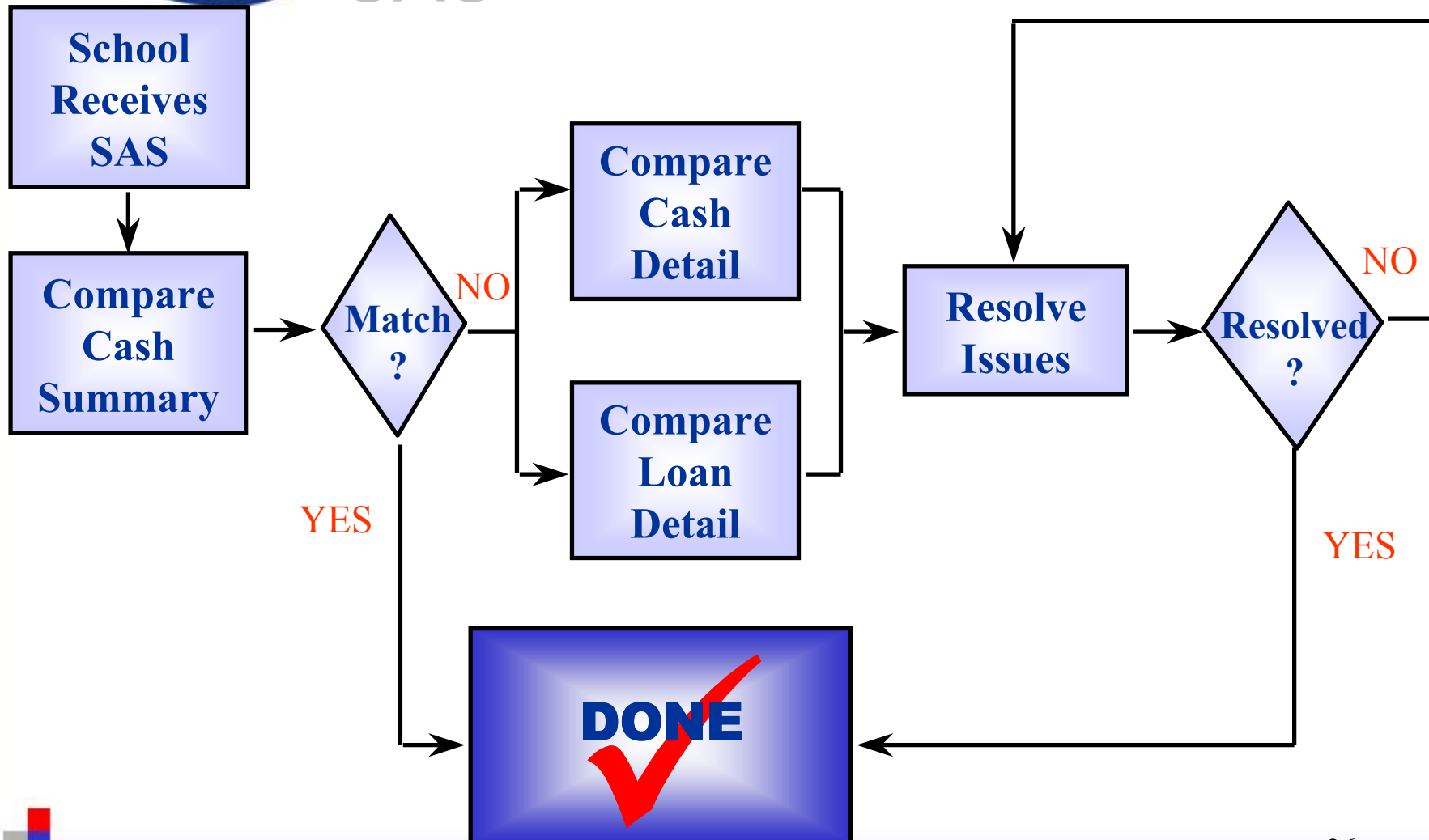
SAS - What Do I Do with It?

- Format it
 - Vendor Software 
 - Mainframe/Homegrown System
 - DL Tools 3.0 (available for all schools)
- Print it
- Compare* to school records
 - Direct Loan System
 - Business Office Records



***To use the DL Tools Compare you must receive Fixed Length Year-to-Date loan detail files.**

Reconciling School Data to the SAS



Monthly Reconciliation: Causes for Common Discrepancies

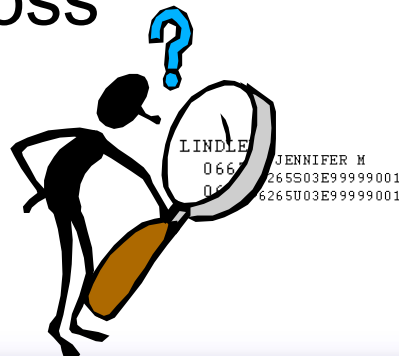
- Timing Issues
- Cash Issues
 - Cash transactions in wrong year or split between years
 - Funds sent as refunds of cash that should have been a payment (or the reverse)
 - Funds recycled for disbursement in a different award year





Monthly Reconciliation: Causes for Common Discrepancies

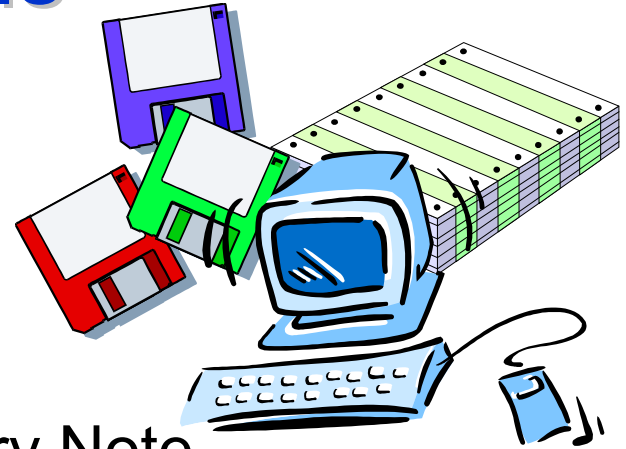
- Loan Issues:
 - Unsent/unacknowledged disbursement batches
 - Rejected disbursements
 - Disbursements recorded in business office but not in DL/Financial Aid System
 - Unbooked Records
 - School Data Loss



Booked	\$1,833	\$54	\$27	\$1,806
Booked	\$1,167	\$35	\$18	\$1,150

Monthly Reconciliation: Other Reports and Tools

- DL System Reports
 - Cash Summary Report
 - Cash/Loan Detail Reports
 - Status Reports: Loan, Promissory Note, Disbursement
 - Pending and/or Accepted Disbursement Lists
 - Common Record Responses/Acknowledgements and error reports
 - DL Tools or custom comparison reports



Monthly Reconciliation: Other Reports and Tools

- Business Office Records
 - Bank Statements
 - Canceled Checks
 - Ledgers
 - Cash Detail Reports
 - Student Accounts or Account Cards
 - Disbursement/Loan Detail Reports





Monthly Reconciliation: How do I Know I am Finished?

- All discrepancies have been identified and resolved.
- Timing issues are tracked for reconciliation in next month's SAS.
- All monthly reconciliation efforts have been documented.





Closeout for 2002-2003

Closeout for 2002-2003
is

July 31, 2004

Closeout for 2002-2003

- The beginning of the close out process begins with
 - COD Customer Service sending Remaining Balance Letters to schools
 - Sent via email to Financial Aid Administrator



Closeout for 2002-2003

If COD did not have a valid email address, a paper letter was sent by regular mail.



Closeout for 2002-2003

- A Zero Balance Confirmation Form was included with the letter.





Closeout for 2003-2003

- Zero Balance Confirmation Form
 - **Only return if you agree with the Department's zero ending cash balance and zero unbooked loan loan balance.**
 - Return via mail to:
 - COD School Relations Center
PO BOX 9001
Niagara Falls, NY 14302
 - Fax to:
 - 877-623-5082



Closeout for 2002-2003

■ Program Year Close Out

- Once Zero Balance Form is received:
 - Department will approve closeout.
 - COD will no longer accept batches from the schools.
 - COD website will no longer allow on-line changes.
 - Reports will no longer be generated.
 - Funds no longer available in GAPS.
 - Program Year Closeout Letter is sent via mail to President.

■ Re-Opening a School

- Written request faxed or mailed to COD Customer Service
- FSA will review request and approve or deny.
- Closeout activities will start again the following month end.



Closeout for 2002-2003

■ Steps to Achieve Closeout

- Review your email address for the Financial Aid Administrator and make any changes or updates that maybe needed at <http://www.eligcert.ed.gov>
- Avoid the Rush
 - Closeout within 30 days of the last disbursement or latest award end date
 - Allows more time for issue resolution
 - Allows you to focus on current year processing
 - Ensures timely reporting



Closeout for 2002-2003

- Steps to Achieve Closeout Continued
 - Utilize all available tools
 - CSR
 - Reconciliation Coordinator
 - CAM
 - SAS
 - 30 day warning report
 - Other Ad-Hoc reports as needed



Closeout for 2002-2003

- What happens in the future?
 - Remaining Balance letters will continue to be sent monthly.
 - Notification Warning Letter
 - Sent via mail to the President.
 - Warns schools that they have 90 days to close out.



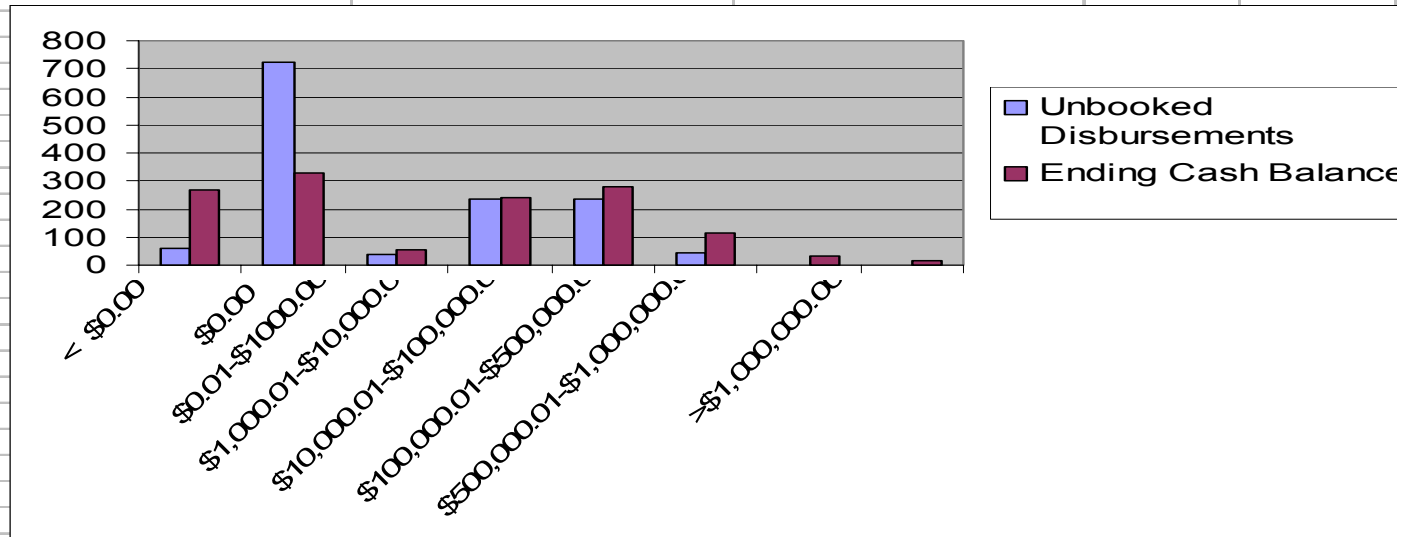
Closeout for 2002-2003: Customer Service

- Reconciliation Coordinator-Working Behind the Scenes
 - CSR receives calls and opens internal issue
 - Reconciliation Coordinator researches issue
 - Will contact school if additional information is needed
 - Opens system issues as needed
 - Creates Ad Hoc Reports
 - Provides answers/resolution back to CSR.
 - All schools have a Reconciliation Coordinator available to discuss your concerns. You may contact them at any time.

Closeout for 2002-2003

■ Statistics as of 10/31/2003

	Unbooked Disbursements	Ending Cash Balance		
< \$0.00	60	266		
\$0.00	722	327		
\$0.01-\$1000.00	39	55		
\$1,000.01-\$10,000.00	235	239		
\$10,000.01-\$100,000.00	234	281		
\$100,000.01-\$500,000.00	44	117		
\$500,000.01-\$1,000,000.00	0	35		
>\$1,000,000.00	0	14		
	1334	1334		





The LOC IS CLOSED !!!



Post Closeout Processing

- What is it?
 - Web-based function that would give schools the ability to enter borrower/student data after an award year is closed.
 - Schools can now enter data for Program Years 1999/00 through 2001/02.
 - And when Program Years 2002/03 and beyond are closed, schools will be required to enter data.
 - COD Customer Service or Direct Loan Operations will enter changes for Program Year 1997/98 and 1998/99.

Post Closeout Processing

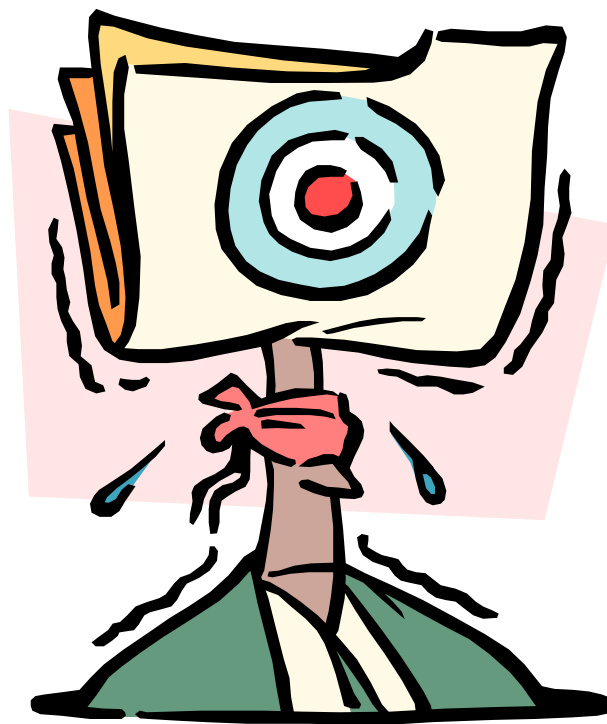
- Under what circumstances would a school be granted permission to use this process?

1. Final Audit Determination Findings



Post Closeout Processing

2. Final Program Review Determination Letter (FPRD)



Post Closeout Processing

3. Pre – COD Data

PY 1998/99

PY 1997/98

PY 2000/01

PY1999/00



PY 2001/02



Post Closeout Processing

- What type of transactions can be processed?
 - 1st disbursements
 - Subsequent disbursements
 - Disbursement adjustments
 - Disbursement date adjustments
 - Award amount adjustments



Post Closeout Processing

- What must a school do to begin the process data?
 - Contact COD Customer Service.
 - Contact your Client Account Manager.
 - Contact Direct Loan Operations.



Post Closeout Processing

- What happens when a school is given authorization to process data?
 1. School is sent a 30-day temporary password
 2. School is sent instructions on how to use the COD web's archive screen
 3. School must send COD Customer Service or DLOPs a copy of the data they will be entering



Post Closeout Processing

4. After data has been entered by the school, the data will be reviewed by DLOPs. If approved, the data will be submitted and processed by the Direct Loan Servicing Center (DLSC).
5. Borrower is notified by DLSC of the change to their account.



Post Closeout Processing

6. If a school needs to return cash, please return to the following address for:

- Final Audit Determination findings (FAD) and Final Program Review Determination Letters (FPRD)
U.S. Department of Education
P.O. Box 952226
St. Louis, MO 63195-2226
- Pre-COD data
COD Customer Relations Center
Attn Refunded Cash for PY XXXX
PO Box 9001
Niagara Falls, NY 14302



Post Closeout Processing

6. If a school needs to return cash, continued

- Funds over \$100,000

Must be returned electronically through GAPS.

To return funds via GAPS,

go to <http://e-grants.ed.gov/gapsweb/>

and sign in to begin the process. FEDWIRE

is no longer an option.